EDUFINANCE MARKET KNOWLEDGE: Financing The Affordable Private School Sector In Pakistan

The private education sector in Pakistan is expanding, driven by government incentives and growing awareness among families of the importance of their children's education.

Opportunity International conducted market research to analyse the needs of affordable private schools in Punjab, Pakistan. The intention of the research was to gain insight into the size and nature of the private education market in low- and middle-income areas in Lahore and Gujranwala in order to understand the problems that affect affordable private schools and to show financial solutions that are likely to best serve them.

**Punjab**

**Profile of schools interviewed**

- **Annual school fees:** US $20–50
- **Years in operation:** >3
- **Business turnover:** US $3k–7.5k
- **(Min. students per school):** 150

**Demand for School Improvement Loans**

1. Would mobile payment services be useful for your school?
2. Is a School Improvement Loan for expansion useful for your school?
3. Is a School Improvement Loan for spot improvements useful for your school?
4. Is a School Improvement Loan to purchase fixed assets useful for your school?
5. Is a School Improvement Loan to solve short term cash flow problems useful for your school?
6. How useful would you find training (e.g. in admin set-up, financial management, teaching best practices) alongside school loans?

**Demand for Mobile Payment Services**

- **Mobile Services:** 61% of schools would find this service useful
- **Mobile Payment Service:** 52% of schools would be willing to pay <10% of school fees for this service

**Average Budget**

- **Construction:** US $3,500
- **Spot improvements:** US $600
- **Fixed assets:** US $900

**Where the money will go**

- **Construction:** 70% of schools want to build extra classrooms
- **Spot improvements:** 83% want to paint and plaster outside
- **Fixed assets:** 72% want to buy more furniture

**Summary**

The estimated additional potential market for school improvement loans in private schools is **US $73.6m**

For school fee administration and payment services in private schools the estimated potential market is **US $12.7m**